

**Office of Thrift Supervision, Treasury**

**§ 559.3**

**§ 559.3 What are the characteristics of, and what requirements apply to, subordinate organizations of Federal savings associations?**

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Operating subsidiary					Service corporation	
*	*	*	*	*	*	*
(l) How do the transactions with affiliates (TWA) regulations (§563.41 of this chapter apply?		(1) Section (2) Section 563.41 of this chapter explains how TWA applies. Generally, an operating subsidiary is not an affiliate, unless it is a depository institution; is directly controlled by another affiliate of the savings association or by shareholders that control the savings association; or is an employee stock option plan, trust, or similar organization that exists for the benefit of shareholders, partners, members, or employees of the savings association or an affiliate. An operating subsidiary's transactions with affiliates are aggregated with those of the thrift				
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